

FISCAL NOTE

SB 3497

February 19, 2008

SUMMARY OF BILL: Expands the definition of “Tennessee River Resort District” to include jurisdictions bordering the Hiwassee River and the Ocoee River, and for any county in which at least 51 percent of the total acreage of the county is owned by the federal government and is dedicated as a national forest and has at least three rivers flowing through the county.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Net Impact - \$90,800

Increase State Expenditures - \$6,000/One-Time

Increase Local Revenue – Net Impact - \$249,200/Polk County

Assumptions:


- Local governments receive 4.5925% of state sales tax revenue under current law. Each county’s share of this allocation is based on the county’s respective population. Counties which are eligible for Tennessee River Resort District (TRRD) status can, in lieu of the allocation based on population, receive a special allocation equal to 4.5925% of the actual state sales tax revenue collected within the jurisdiction, if it has elected TRRD status.
- According to the Department of Revenue (DOR), three cities (Benton, Copperhill, and Ducktown) and one county (Polk County) would be eligible to elect TRRD status under this bill.
- Based on information provided by DOR, none of the three eligible cities are expected to benefit from electing TRRD status. In other words, the current allocations to these cities based on their populations are expected to be greater than the special allocations they would receive as a TRRD. Therefore, it is assumed none will elect TRRD status.
- According to DOR, Polk County is expected to benefit from electing TRRD status.
- Polk County elects to become a TRRD. In doing so, it would receive approximately \$170,000 more per year as compared to the allocation it would receive based on population. Therefore, the decrease of state

revenue is estimated to be \$170,000 per year, while the increase to local government revenue (Polk County) is estimated to be \$170,000 per year.

- Jurisdictions which are eligible and elect TRRD status are authorized to sell liquor-by-the-drink. As a result, Polk County would be authorized to sell liquor-by-the-drink.
- Polk County elects to sell liquor-by-the-drink.
- Mixed drink tax revenue collections are estimated to be \$61,400,000 for FY08-09.
- 50% of mixed drink tax revenue is apportioned to local governments; 50% is apportioned to the state.
- According to the U.S. Census, the total population for Tennessee is estimated to be 6,156,719.
- The population of Tennessee adjusted for growth is estimated to be 6,200,000 in FY08-09.
- Mixed drink tax revenue per capita is estimated to be \$9.90 ($\$61,400,000 \div 6,200,000 = \9.90).
- The most recent population estimate for Polk County is 15,939 (2006 Census).
- The population of Polk County adjusted for growth is estimated to be 16,000 in FY08-09.
- The increase to mixed drink tax revenue is estimated to be \$158,400 ($16,000 \times \$9.90 = \$158,400$) per year.
- The increase of state revenue derived from additional mixed drink tax revenue is estimated to be \$79,200 ($\$158,400 \times 50\% \text{ allocation} = \$79,200$) per year.
- The increase of local government (Polk County) revenue derived from mixed drink tax revenue is estimated to be \$79,200 ($\$158,400 \times 50\% \text{ allocation} = \$79,200$) per year.
- One-time state expenditures estimated to be \$6,000 for computer and software modifications.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc